

ROOTNOTES

News, Commentary, Insight from

Mike & Jay Root

FSMA Celebrates 60 Years As the Foremost Authority On Innovative Marketing For The Home Furnishings Industry

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**Award Winning Salesmen,
Marketer & Entrepreneur**

Mike's Moment: 2023 Is Gone. What's 2024 Have In Store For Us?



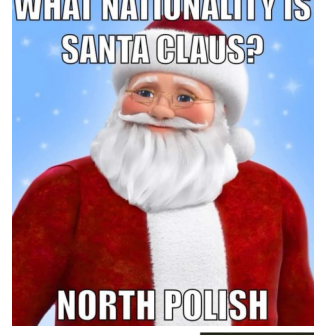
As we wrap up 2023, and plan for 2024, I think I speak for a lot of folks in furniture by saying I am glad this year is almost in the books. Surviving this 2020 decade has been anything but easy. Too much demand, not enough supply, price inflation, distribution issues on containers and trucking, followed by not enough demand, too much supply, crashing prices on containers. By most accounts,

retailers seem to have worked their way out of most of the excess priced excess inventory acquired in the past. They are better able to merchandise their stores the way they want. They also are having to go back to the old ways of aggressively promoting to bring customers into the stores. Ah, the good old days!!! Yet, there are still challenges I see on the horizon. See page three for the rest of the story...

*We wish you a
Merry Christmas,
and hope you all
have a Happy
New Year!
Nancy, Cristie,
Mike, Lisa, Fran &
Jay*

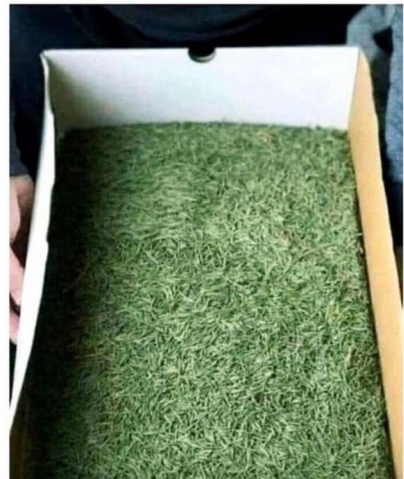


Extra Christmas Funnies off the Internet . . .




IKEA is now selling Christmas trees. It's gonna be a long night...

The line for job interviews with Santa. 😊😭



Funny Quote: "The one thing women don't want to find in their stockings on Christmas morning is their husband." — Joan Rivers


Mike's Moment Continued: What's 2024 Have In Store For Us?



From reading a variety of sources along with conversations throughout the year these will be the top items to watch as 2024 unfolds. We will unpack these in future Rootnote issues. These are considerations pertaining to the approach for 2024 business.

1. **2024 Election.** I won't get into politics of who is the best suited candidate. I am more concerned about the election year media from two points of view. First, the electorate is going to be exposed to so much negativity that they may not feel good enough about themselves or their financial position to go out and invest in a big ticket item like furniture. Second, the spending on political ads will be ridiculous making messages about new furniture expensive and they may get drowned out.
2. **Financial Shenanigans.** I don't know how else to describe my concerns about the information people are given to make financial decisions of consequence. The interest rates are being driven by the Fed's demand to drive inflation down. Nobody is sure inflation is down, but the Fed announced this past week a reversal in policy that sent the stock market back up. It seems as though inflation is up in sectors like food, but definitely is deflating in big ticket items like furniture. Throw in a lot of concerns coming from China's economy like inflat-

ed real estate and it is tough to tell if we are on the cusp of a major financial event or we will continue to skate along adding trillions to national debt.

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3. **Housing.** Our business is helped significantly if there is a robust housing market. With interest rates higher than they have been, few people want to move and take on a higher mortgage payment. Banks are also looking at higher downpayments. Whatever happens here will impact furniture sales because people buy a lot more for a house than an apartment.
 4. **Stability.** I have heard from many the concerns that some retailers are just holding on, and we saw last year several closures. I also have heard from large retailers concerns about suppliers that are financially challenged. How this plays out in 2024 could be one of the bigger challenges. Smaller retailers or specialty manufacturers may just decide to not continue, while larger players who have been living on borrowed money (and time) may find out there's not enough of either left.

I am not all doom and gloom because I believe our industry provides product people need. We represent healthy factories that can survive the challenges and hopefully will be positioned to grow when business turns around. Looking forward to turn the page to a healthy and prosperous 2024.

Bits and Pieces From Around the Industry

In the December 6, 2024 issue of Furniture Today, there was an article with headline "Ashley agrees to settle class action lawsuit alleging false reference pricing". The article further states "Ashley regularly advertises a product's original price with a strikethrough, with a discount percentage alongside. Products were not sold at that 'original price,' the suit says, and that advertised original price was inflated, 'making discounts appear more significant than they actually were in the eyes of a consumer.'"

The plaintiffs argue they never would have bought the furniture if they had known what the true value of the goods were. The lawsuit claimed the customers were "induced to purchase the discounted products in order to capture the perceived savings." This goes to show that the customers rarely know what the value of furniture is even with product comparisons available from competitors and the internet.

Ashley has to be very happy with the settlement. Anyone who made a purchase on line or in store over the five year period will file a claim and be entitled to a \$30 voucher for a future purchase. Think about that for a minute. A whole host of past customers will now register their name and current contact information in order to get a \$30 voucher. There are very few things that can be purchased for \$30 in a furniture store which means the customers will actually spend more money with the company. Sounds to me like a list building or marketing campaign more than a punishment for over inflating values.

We are not recommending this strategy though as American Freight has been fighting a similar claim in California because they could not price items on sale for more than 90 days. Any company selling on the internet with goods being delivered into California may run afoul of this law if you offer high comparisons without listing when goods actually sold at that price.



Merry Christmas From All Mike and Nancy's Grandkids



May your Christmas season be filled with joy and happiness, lots of childhood excitement, and presents galore. Merry Christmas

From left to right..
Mary Terese,
Keegan,
Tatum,
Beckett,
Jack

(Mary Terese and Jack are Jay's kids)

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